July 13, 2018

Alabama Trucking Association
Workers’ Compensation Fund Members

Dear Ladies and Gentlemen:

Enclosed you will find a copy of the Summarized Financial Statements of the Alabama Trucking Association Workers’ Compensation Fund for the six months ended June 30, 2018. These financial statements reflect the Fund currently has accumulated total profits, net of distributions, of $42,747,551 set aside for future retrospective credits to be refunded to active participating Fund members as directed by State Requirements of the Alabama Department of Labor. Since inception of the Fund, the total amount of retrospective credits previously distributed back to participating members is $85,776,161.

This report includes the overall operations of the Fund which consists of both our Alabama and Cross Border programs. The claims losses reflected in the Consolidated Statement of Income and Deductions includes loss reserves which are required to pay incurred but not reported (IBNR) losses. These IBNR loss reserves are established at levels recommended by the Fund’s independent Actuarial firm (Casualty Actuarial Consultants) and approved by the Board of Trustees. Our Actuaries are finalizing our yearend Loss Reserve Analysis Report and have adjusted reserves based on the downward development trend of losses over the previous three years. This trend is the direct result of aggressive and effective claims handling practices and our loss control and risk management practices within the Fund. The combined overall operating profit for the six months ended June 30, 2018 is $8,167,449. The Board of Trustees is very pleased to report the ATA Fund continues to grow stronger and generate greater dividends payable back to our member companies.

In closing, we always wish to take the opportunity to remind you that the best approach to curb increases in your company’s operating expenses is to strive to maximize your company’s emphasis on your claims reporting and handling procedures along with your loss control and risk management practices. Your efforts in these areas will directly increase the bottom line of your company. Please take advantage of the opportunity to contact our team members. Todd Hager, our Director of Claims, will assist you with any claims related questions you may have. Don Anchors, our Director of Safety and Loss Control, as well as our Loss Control Consultants, Michael Smith, Victor Whatley and Candy Woodruff will evaluate your company to develop a risk analysis plan and implement safety procedures and training that can immediately reduce the losses occurring within your company as we have done for many others in the ATA Fund. We encourage you to contact us and take advantage of these resources at no cost to you and remember to always Work Safe / Work Smart.

We hope this information will assist you in evaluating the strength and quality of our program. Our program is designed to assist you in reducing your losses, increasing your driver retention and increasing your bottom line profits.

Respectfully,

Kimble E. Coaker, CPA
CEO and Administrator

Enclosures
BOARD OF TRUSTEES

Scott Smith, **Chairman**  
Fund Member Trustee  
Vice President, P & S Transportation, Inc.  
P. O. Box 8250  
Ensley, AL 35218  
Term: April 2017 – April 2020  
(205) 296-9588 Fax: (205) 326-8901

Phil DeSimone, **Vice-Chairman**  
Fund Member Trustee  
CEO, Action Resources, Inc.  
204 20th Street North  
Birmingham, AL 35203  
Term: April 2018 – April 2021  
(205) 271-4460 Fax: (205) 271-4479

Joe Booker  
Fund Member Trustee  
President, Hornady Transportation, LLC  
P. O. Box 846  
Monroeville, AL 36461  
Term: April 2018 – April 2021  
(251) 575-4811 Fax: (251) 743-5219

Susan Kirkpatrick  
Fund Member Trustee  
Exec. Vice President/CFO, Buddy Moore Trucking, Inc.  
P. O. Box 10047  
Birmingham, AL 35202  
Term: April 2017 – April 2020  
(205) 949-3201 Fax: (205) 949-2260

Mike Limbaugh  
Fund Member Trustee  
Owner, White Oak Transportation, Inc.  
P. O. Box 876  
Decatur, AL 35602  
Term: April 2016 – April 2019  
(877) 948-3625 Fax: (256) 432-0445

Drew Linn  
Fund Member Trustee  
President, Southland International Trucks, Inc.  
P. O. Box 578  
Birmingham, AL 35201-0578  
Term: April 2018 – April 2021  
(205) 942-6226 Fax: (205) 942-6311

Bruce MacDonald  
Fund Member Trustee  
President, Transport Refrigeration Sales & Service  
500 Daniel Payne Drive  
Birmingham, AL 35214  
Term: April 2018 – April 2021  
(205) 328-7278 Fax: (205) 328-6769

Rusty Sprouse  
Fund Member Trustee  
CFO, B & G Supply, Inc.  
P. O. Box 748  
Albertville, AL 35950  
Term: April 2018 – April 2021  
(256) 878-2928 Fax: (256) 878-1527

Beau Wicks  
Fund Member Trustee  
President, Southeast Logistics  
P. O. Box 1309  
Tuscaloosa, AL 35403  
Term: April 2016 – April 2019  
(205) 759-1818 Fax: (205) 349-3104

Frank Filgo  
Ex-Officio Trustee  
President and CEO, AL Trucking Association  
P. O. Box 2339  
Montgomery, AL 36102-2339  
Term: July 2018 – July 2019  
(334) 834-3983 Fax: (334) 262-6504

Terry Kilpatrick  
Ex-Officio Trustee  
President, Billy Barnes Enterprises, Inc  
1626 Hwy 21 South  
Frisco City, AL 36445  
Term: July 2018 – July 2019  
(251) 267-3153 Fax: (251) 267-4117

Fen Church  
Ex-Officio Trustee  
President/CEO, Church Transportation & Logistics, Inc.  
P. O. Box 65  
Birmingham, AL 35201  
Term: July 2018 – July 2019  
(205) 925-1977 Fax: (205) 380-8997

Tom McLeod  
Ex-Officio Trustee  
CEO, McLeod Software Corp.  
P. O. Box 43200  
Birmingham, AL 35243  
Term: July 2018 – July 2019  
(205) 823-5100 Fax: (205) 823-0000
BALANCE SHEET
June 30, 2018

**ASSETS**

<table>
<thead>
<tr>
<th>Assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 6,758,199.53</td>
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<tr>
<td>Prepaid Expenses and Deposits</td>
<td>1,651,944.70</td>
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<tr>
<td>Accounts Receivable (net of allowance)</td>
<td>27,639,460.35</td>
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<tr>
<td>Certificates of Deposit and Investments</td>
<td>107,812,795.05</td>
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<tr>
<td>Deferred Tax Asset (net of liability)</td>
<td>681,256.13</td>
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<tr>
<td>Building and Fixed Assets (net of depreciation)</td>
<td>1,648,358.78</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$146,192,014.54</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES, RESERVES AND MEMBERS' EQUITY**

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Escrow</td>
<td>$ 3,847,378.30</td>
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<tr>
<td>Unearned Contributions</td>
<td>16,005,940.92</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$ 19,853,319.22</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Reserves:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves for Aggregate Losses</td>
<td>$ 11,617,863.68</td>
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<tr>
<td>Actuarial Reserves for Claim Losses</td>
<td>79,048,399.72</td>
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<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>90,666,263.40</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Members' Equity:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized Gain/(Loss) on Investments</td>
<td>$ (7,075,119.47)</td>
</tr>
<tr>
<td>Retrospective Refund to Members</td>
<td>42,747,551.39</td>
</tr>
<tr>
<td><strong>Total Members’ Equity</strong></td>
<td><strong>35,672,431.92</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Liabilities, Reserves and Members' Equity</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities, Reserves and Members’ Equity</strong></td>
<td><strong>$146,192,014.54</strong></td>
</tr>
</tbody>
</table>
CONSOLIDATED STATEMENT OF INCOME AND DEDUCTIONS
For the Six Months Ended June 30, 2018

Income:
- Coverage Contributions $20,338,007.00
- Cross Border Premium 7,844,267.74
- Investments and Gain/(Loss) on Sale 2,880,290.35
- Other 316,922.70
Total Income $31,379,487.79

Deductions:
- Claim Losses:
  - Incurred Losses (net of reinsurance) $15,700,990.28
Total Claim Losses $15,700,990.28
- Operating Expenses:
  - Administrative $1,528,478.71
  - Cross Border Admin. Fees 2,033,968.74
  - Brokerage Expenses 1,377,232.44
  - Claims Service Fee 623,278.50
  - Excess Loss Insurance 982,413.00
  - Professional Services 620,294.29
  - Royalties 335,883.13
Total Operating Expenses $7,501,548.81

Total Deductions $23,202,539.09

Excess Income Before Income Taxes $8,176,948.70

- Provision for Income Taxes (deferred) 9,500.00

Excess Income $8,167,448.70

Prior Years’ Excess Income 120,356,263.89

- Excess Income Before Retrospective Refund Distribution $128,523,712.59
- Retrospective Refund Distributed to Members 85,776,161.20

Excess Income Held for Future Retrospective Refund $42,747,551.39

Page 2 of 2